



- If you're a first-year undergraduate student *and* a first-time borrower, your first disbursement can't be made until 30 days after the first day of your enrollment period.
- If you're a first-time borrower you must complete entrance counseling before you receive your first loan disbursement.

Student loan money must first be used to pay for your tuition, fees and room and board. If loan funds remain, you'll receive them by check or in cash, unless you give the school written permission to hold the funds until later in the enrollment period.

DID YOU KNOW ...

Our team is responsible for much more than processing aid applications and issuing loans, though these are significant responsibilities in their own right. We also work closely with 3,000 or more private lenders that participate in our programs and more than 6,000 colleges and vocational schools that administer our funds. Part of this function is oversight: we're charged with making sure that they treat borrowers fairly and ethically.

Can I cancel my student loan if I change my mind, even if I have signed the promissory note agreeing to the terms of the loan?

Yes. Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying your school. After your loan is disbursed, you may cancel all or part of the loan within certain timeframes. Your promissory note* and additional information you receive from your school will explain the procedures and timeframes for canceling your loan.

DID YOU KNOW ...

Financial aid provided by the office of Federal Student Aid is the largest source of postsecondary financial aid in the nation, making up about 70 percent (in dollar value) of all aid granted nationwide.

PLUS Loans

The law now allows graduate and professional degree students to borrow from the PLUS program. The terms and conditions applicable to parent PLUS Loans (made to parents of dependent students) also apply to PLUS Loans made to graduate and professional degree students. These terms and conditions include: a requirement that the applicant not have an adverse credit history; a repayment period that begins on the date of the last disbursement of the loan; and

a fixed interest rate of 8.5 percent for FFEL PLUS Loans and 7.9 percent for Direct PLUS Loans. As with PLUS Loans made to parent borrowers, eligible graduate and professional degree students may borrow under the PLUS program up to their cost of attendance, minus other financial aid received.

Unlike parent PLUS applicants, graduate and professional degree student PLUS applicants must file a FAFSA. In addition, graduate and professional degree students must have their annual loan maximum eligibility under the Stafford Loan program determined by the school before they apply for a PLUS Loan.

How do parents and graduate and professional degree students apply for a PLUS Loan?

Direct PLUS Loan:

- The school must participate in the Direct Loan Program.
- Complete a Direct PLUS Loan application and promissory note* contained in a single form from the financial aid office at the school.

FFEL PLUS Loan:

- The school must participate in the FFEL Loan Program.
- Complete a FFEL PLUS Loan application, available from the school, lender or state guaranty agency.* After the school completes its portion of the application, it must be sent to a lender for evaluation.

Although not a requirement if the student will not be receiving any other federal student aid, parents are encouraged to have their dependent children submit a FAFSA so their children can receive the maximum student financial aid they're eligible for. Graduate and professional degree students applying for a PLUS Loan are required to submit a FAFSA.

Can parents and graduate and professional degree students receive both a Direct PLUS Loan and a FFEL PLUS Loan?

No. The borrowers (parents borrowing for their undergraduate children and graduate and professional degree students borrowing for themselves) can apply for either loan, but not both, during the same enrollment period. Parents could, however, apply for a Direct PLUS Loan for one child and a FFEL PLUS Loan for another dependent child.

What are the eligibility requirements for PLUS Loans?

PLUS applicants must meet the general eligibility requirements for federal student financial aid. If a parent is borrowing on behalf of a dependent undergraduate student, the student must also meet these general eligibility requirements. For example, the PLUS applicant and the student must:

- Be a United States citizen or eligible noncitizen.*
- Not be in default* on a federal student loan.
- Not owe a refund on a federal education grant.

Are there any other requirements?

A PLUS Loan applicant must not have an adverse credit history. (A credit check will be conducted.) A PLUS Loan applicant who has an adverse credit history still may be able to receive a loan by documenting existing extenuating circumstances or by obtaining an endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the loan if the borrower fails to do so.

Do we need to find a lender?

Direct PLUS Loan—No. The U.S. Department of Education is the lender. Your school assists in administering the Direct Loan Program by:

- Distributing the loan application,
- Processing the loan, and
- Disbursing the loan funds.

FFEL Program—Yes. You will need to find a participating lender.

- For help locating a participating lender, you should contact your school or the guaranty agency* that serves your state.
- For the address and telephone number of your state guaranty agency,* you can contact the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

How much can a parent or graduate and professional degree student borrow under the PLUS Loan program?

The maximum PLUS Loan amount that a parent or graduate and professional degree student can borrow is the student's cost of attendance* minus any other financial aid the student receives.

If a parent obtains a PLUS Loan to help pay for a dependent student's education, who receives the loan money—the parent or the student?

- The school will first apply the PLUS Loan funds to the student's school account to pay for tuition, fees, room and board and other school charges.
- If any loan funds remain, they will be sent to the parent borrower, unless the parent authorizes the school to hold the funds or release them to the student.
- Any remaining loan funds must be used for your education expenses.

Can a borrower cancel a PLUS Loan even after signing the promissory note and agreeing to the terms of the loan?

Yes. A borrower can cancel a PLUS Loan the same way that a borrower would cancel a Perkins or Stafford Loan.

Other than interest, are there any fees or charges to get a PLUS Loan?

Yes. There is a fee of up to 4 percent of the loan amount.

Loan Summary

- Undergraduate and graduate or professional degree students may receive Stafford Loans. Graduate and professional degree students and parents of dependent undergraduate students may receive PLUS Loans.
- You must be enrolled full-time or half-time* at an eligible school in a program leading to a degree or certificate.
- Student loans are borrowed money that must be repaid, with interest, just like car loans and mortgages.
- Student loans cannot be canceled because you didn't get—or didn't like—the education you paid for with the loans, didn't get a job in your field of study or because you're having financial difficulty.
- Loans are legal obligations, so think about the amount you'll have to repay before you take out a loan.
- The maximum Stafford Loan amount you can borrow each academic year* depends on your academic level in school and whether you are a dependent or independent student.
- Students who demonstrate financial need are eligible for a subsidized Stafford Loan to cover some or all of that need.
- For students who are eligible for a subsidized Stafford Loan, the U.S. Department of Education pays the interest while you're in school at least half-time*, for the first six months after you leave school (your grace period) and during periods of deferment (a postponement of loan payments).
- Unsubsidized Stafford Loans do not require a student to have financial need. The borrower is responsible for paying all interest on unsubsidized Stafford Loans.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.